

**MINUTES OF THE MEETING
OF THE ENTREPRENEURSHIP COMMITTEE
OF THE BOARD OF DIRECTORS OF
THE INDIANA ECONOMIC DEVELOPMENT CORPORATION**

December 8, 2011

The Chairperson, Sally Byrn, convened a meeting of the Entrepreneurship Committee (the "Committee") of the Board of Directors of the Indiana Economic Development Corporation (the "IEDC") at 3:00 p.m. on Thursday December 8, 2011, at 4750 N. Meridian Street, Indianapolis, IN 46208.

COMMITTEE MEMBERS PRESENT: Sally Byrn
Dane Miller
Cathy Langham
Kip Tom

COMMITTEE MEMBERS ABSENT: John Thompson

STAFF PRESENT: Stephen Akard
Karl Koehler
Matt Tuohy

OTHERS PRESENT: Steve Hourigan
Ting Gootee
Phil Lodato
Ryan Pfenninger
Linda O'Keefe
Ken Gramley
David Clark

WELCOME

The Chairperson called the meeting to order, recognized the presence of a quorum, and noted conformance with the State Open Door laws and the importance of not exposing confidential information contained in the proposals upon which the recommended investments are based.

APPROVAL OF THE SEPTEMBER 13, 2011 MEETING MINUTES

Ms. Langham moved for approval of the minutes of the September 13, 2011 meeting of the Committee; Ms. Byrn seconded; and the motion passed unanimously.

PRESENTATION OF 21ST CENTURY RESEARCH & TECHNOLOGY FUND APPLICATIONS

Ting Gootee, Vice President of Investments of Elevate Ventures, Inc. ("Elevate Ventures"), the Manager of the 21st Century Research & Technology Fund (the "Fund"), presented two recommended projects to the Committee for consideration. Ms. Gootee noted that the respective applicants have submitted the information and documentation required under the Fund's investment guidelines, and that each project conforms with the Fund's goals and objectives and that the staff of the Fund and of Elevate Ventures, as well as external reviewers, as applicable, have recommended each project to the Committee for approval.

Emerging Threats Pro, LLC
Lafayette, IN (Tippecanoe County)
\$500,000

Emerging Threats Pro is fast emerging as a leader in the development and provisioning of intelligent cyber security rulesets which power the engines and systems used to protect computer networks against viruses, malware, and otherwise unwelcome traffic. The Committee approved a \$500,000 investment commitment in July 2011, contingent upon the company securing at least \$500,000 in private investments and appointing a Board member satisfactory to the IEDC. Since then, a new market opportunity in IP reputation has emerged. The company is well positioned to capture a number of enterprise customers quickly. The company has also engaged a qualified CEO to lead the efforts in accelerating customer acquisition and revenue growth. In light of these updates, Elevate Ventures, Inc. recommends an amendment to the investment contingencies.

Mr. Tom moved for approval of amended contingencies to the \$500,000 investment, based upon the company meeting pre-determined milestone requirements identified by the IEDC and Elevate Ventures; Ms. Byrn seconded; and the motion passed unanimously.

CloudOne Corporation
TBD
\$500,000

CloudOne was created to be the on-ramp for IBM Rational customers to the cloud, software-as-a-service and managed development operations. Historically, software development was highly localized and proprietary, in that captive employees did a majority of development work in small, local shops. Today skills are sourced globally, and often come from vendors, partners and outsourced suppliers, further complicating the issues of security, access control, communication and collaboration in the development

process. CloudOne builds and operates a cloud specifically to be able to run all IBM Rational products. The same infrastructure can be adapted to host other application development. With a strong management team with deep-bench technical and sales expertise, the company has validated its model with a number of well-known customers, and is ready to build a strong presence in the space of application-specific cloud hosting.

Ms. Langham moved for approval of an investment of up to \$700,000, contingent upon the company securing at least \$715,000 in private investments, relocating its headquarters to Indiana, and appointing a Board member satisfactory to the IEDC and Elevate Ventures; Mr. Miller seconded; and the motion passed unanimously.

PRESENTATION OF 21ST CENTURY RESEARCH & TECHNOLOGY FUND INITIATIVES AND SSBCI UPDATES

Stephen Akard, the Vice President and the General Counsel of the IEDC, introduced a resolution for approval and adoption by the Committee which proposed granting authority to the IEDC to advance up to fifty percent (50%) of the Committee's funding commitment to an approved 21 Fund applicant prior to the receipt by such applicant of the full amount of the required co-investment which was made an explicit condition of the Committee's funding commitment, if applicable, only in such cases where (i) Elevate Ventures has made a good faith and reasonable determination that such an advancement is in the best interests of the IEDC and the State of Indiana; (ii) Elevate Ventures has made a recommendation to the IEDC for such an advancement and obtains a written authorization from the Chief Executive Officer of the IEDC acknowledging and agreeing to the amount of such advancement, the terms associated therewith, and the circumstances relating thereto; (iii) the IEDC and Elevate Ventures have informed the Committee of each such advancement at the next-occurring Committee meeting; and (iv) the IEDC and Elevate Ventures shall have otherwise required any such applicant to satisfy the Committee's conditions prior to the advancement of any additional amount of the Committee's funding commitment.

Mr. Miller moved for the approval of the Resolution; Mr. Tom seconded, and the motion passed unanimously.

Steve Hourigan, the CEO of Elevate Ventures, provided a brief update on the angel matching program supported by the second tranche of funding from United States Department of the Treasury as part of its State Small Business Credit Initiative and implemented by Elevate Ventures by and through the Indiana Angel Network Fund. Mr. Akard then introduced the Indiana Angel Network Fund Investment Policy (the "Investment Policy") which outlines the criteria for angel matching in accordance with required federal guidelines and proposed state guidelines. Mr. Akard informed the Committee that, pursuant to a resolution approved and adopted by the Committee on July 27, 2011, the Committee is required to approve the Investment Policy.

Ms. Langham moved for the approval of the Investment Policy; Mr. Tom seconded, and the motion passed unanimously.

ADJOURNMENT

Mr. Akard thanked the Committee. Chairperson Byrn adjourned the meeting at 3:30 p.m.

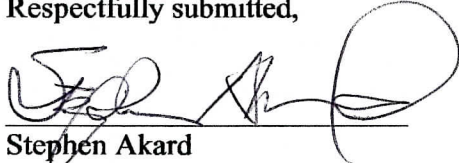
EXECUTIVE SESSION

The Chairperson called an executive session of the meeting to order, and the executive session was held to discuss confidential pending incentive requests made to the State of Indiana by industrial or commercial prospects (confidential proposals in progress) and discussion of records and circumstances classified as confidential by state or federal statute, IC 5-14-1.5-6.1(b)(2)(B) and (b)(4) and (7). No subject matter was discussed in the executive session other than the subject matter specified in the public notice.

Attachments:

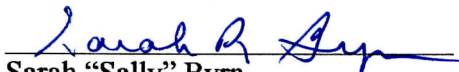
1. Public meeting notice of the December 8, 2011 Board meeting.
2. The meeting agenda dated December 8, 2011.

Respectfully submitted,



Stephen Akard
Vice President & General Counsel
Indiana Economic Development Corporation

Approved,



Sarah "Sally" Byrn
Chairperson



**NOTICE OF A MEETING OF THE
ENTREPRENEURSHIP COMMITTEE
OF THE BOARD OF DIRECTORS OF
THE INDIANA ECONOMIC DEVELOPMENT CORPORATION**

AND

**NOTICE OF EXECUTIVE SESSION OF THE
ENTREPRENEURSHIP COMMITTEE OF THE BOARD OF
DIRECTORS OF THE INDIANA ECONOMIC DEVELOPEMNT
CORPORATION**

Notice is hereby given that the Entrepreneurship Committee of the Board of Directors of the Indiana Economic Development Corporation will hold a public meeting on December 8, 2011, commencing at 3:00 p.m., at 4750 N. Meridian Street, Indianapolis, IN 46208.

Prior thereto, the Entrepreneurship Committee of the Indiana Economic Development Corporation will hold an executive session December 8, 2011, commencing at 1:30 p.m., at 4750 N. Meridian Street, Indianapolis, IN 46208, for consideration of confidential pending incentive requests made to the State of Indiana by industrial or commercial prospects (confidential proposals in progress) and discussion of records or circumstances classified as confidential by state or federal statute, IC. 5-14-1.5-6.1(b)(2)(B) and (b)(4) and (7).



**Indiana Economic Development Corporation
Entrepreneurship Committee Meeting
Public Session Agenda
December 8, 2011 (3:00p.m.-3:30p.m.)**

- I. Call to Order – Chairperson Sally Byrn
 - Recognition of a quorum
 - Recognition of compliance with the Open Door Law
 - Reminder to avoid discussion of proprietary IP in the forum
- II. Approval of September 13, 2011 Minutes – Chairperson Sally Byrn
- III. 21st Century Research & Technology Fund Investment Recommendations
 - Emerging Threats Pro as amended
 - CloudOne
- IV. State Small Business Credit Initiative (SSBCI) Update
- V. Other Matters
- VI. Adjournment – Public Session

INDIANA ANGEL NETWORK FUND, LLC ("IANF")

Investment Policy

PURPOSE

The purpose of this investment fund managed by Elevate Advisors LLC ("Elevate Advisors") is to foster and promote the development of entrepreneurs and emerging companies within the State of Indiana in support of the Indiana economy and its creation and retention of jobs. Elevate Advisors will make investments through IANF alongside the investments of qualified angel investors and will provide due diligence and deal assistance to potential investors to encourage additional angel investments in the State of Indiana. Through its investments, Elevate Advisors will encourage the formation and growth of a network of angel investor groups across the State (the "IANF Network") with investment criteria that particularly assists Indiana's distressed regions and populations. The IANF Network will link partnering organizations, entities, and groups to both new resources and better access to existing resources.

TYPE OF INVESTMENT

Upon completion of its review and approval process, Elevate Advisors will make an investment through IANF into a qualified Indiana business at substantially the same time, pursuant to substantially the same structure and on substantially the same terms as the matching qualified investment capital, provided that funding made available under the State Small Business Credit Initiative shall only be used for investment capital and may not be assessed or allocated against management fees or expenses, including but not limited to administration costs.

INVESTMENT CRITERIA

The terms of any investments made by IANF and the businesses in which such investments are to be made (each such business, an "Investee") shall be made pursuant to the following Investment Criteria, which Investment Criteria are being adopted in accordance with that certain Loan Agreement entered into by and between the Indiana Economic Development Corporation, through its Twenty-First Century Research & Technology Fund, as the "Lender" thereunder, and the Indiana Angel Network Fund, L.P., as the "Borrower" thereunder, dated as of August 2, 2011, as subsequently assigned by the Indiana Angel Network Fund, L.P. to IANF on September 16, 2011, and as may be amended from time to time (the "Loan Agreement"):

Business Terms

1. Total investments by IANF in any one qualified Indiana business shall not exceed One Hundred Twenty-Five Thousand and 00/100 Dollars (\$125,000.00).
2. Each IANF investment shall be on substantially similar terms as the qualified private investment match.
3. The matching private investment must be in the form of qualified investment capital as set forth below which relates to a total financing or capital raise equal to or less than Five Million and 00/100 Dollars (\$5,000,000.00) unless special approval is received from Elevate Advisors. For the purposes of these Investment Criteria, qualified investment capital shall mean debt or equity capital from a non-governmental source that is provided to a qualified Indiana business. However, the term does not include debt that is provided by a financial institution that is

secured by a valid mortgage, security agreement, or other agreement or document that establishes a collateral or security position for the financial institution that is senior to all other collateral or security interests of other taxpayers that provide debt or equity capital to the qualified Indiana business.

4. Each IANF investment must substantially abide by Elevate Advisors' general capital and performance milestone qualifications provided the Qualified Investor.
5. The Investee shall be required to provide the investment performance metrics and data set forth by Elevate Advisors.

Indiana Link

6. Each IANF investment shall be made into a qualified Indiana business as set forth below that has 500 or less employees and that:
 - (a) has its headquarters in the State of Indiana or has committed to, or is in the process of, initiating, expanding and/or consolidating operations in the State of Indiana;
 - (b) is primarily focused on commercialization of research and development, technology transfer, or the application of new technology, or is determined by Elevate Advisors to have significant potential to:
 1. bring substantial capital into Indiana;
 2. create jobs; or
 3. diversify the business base of Indiana;
 - (c) has at least fifty percent (50%) of its employees residing in Indiana or has at least seventy-five percent (75%) of its assets located in Indiana;
 - (d) has had average annual revenues of less than ten million dollars (\$10,000,000) in its two (2) most recent fiscal years; and
 - (e) is not engaged in a business involving: real estate; real estate development; insurance; professional services provided by an accountant, a lawyer, or a physician; retail sales, except when the primary purpose of the business is the development or support of electronic commerce using the internet; or oil and gas exploration.
7. The Investee's investment criteria may not prohibit investments in Indiana's distressed regions, as defined by the United States Economic Development Administration guidelines.
8. The Indiana residency requirement for Qualified Investors is that each Qualified Investor must be an individual or entity, including a pass through entity, which has any state tax liability.

Leverage Ratios

9. The investment will result in a ratio of private investment to IANF's investment of no less than 1:1 and has a reasonable expectation, when considering follow-on investments, to result in at least a 3:1 ratio of awarded funds to new private, non-governmental capital by December 31, 2016.
10. The investment shall not exceed the investment match ratio adopted pursuant to the Investment Criteria for the business or for the Qualified Investor.
11. For underserved areas and populations Elevate Advisors shall normally consider a lower match ratio requirement. Elevate Advisors' goal will be to distribute at least twenty percent (20%) of these funds to underserved areas and populations as defined under Qualified Investor Criteria.

Limitations

12. No IANF investment will finance, in whole or in part, any business activities prohibited by regulations promulgated by the United States Department of the Treasury (the "Treasury"), including Treasury regulations hereinafter promulgated, and the State of Indiana.
13. Each IANF investment shall meet any other criteria adopted by the Entrepreneurship Committee of the Board of Directors of the Indiana Economic Development Corporation (the "Entrepreneurship Committee") from time to time.

QUALIFIED INVESTOR CRITERIA

The investments made as matching investments within an Investee shall be made by Qualified Investors who shall be determined as follows:

1. A Qualified Investor shall meet all applicable federal and/or state regulations, qualifications, registration, and reporting requirements.
2. For Qualified Investors that invest qualified investment capital into a qualified Indiana business meeting certain underserved areas or populations (e.g. minority owned, rural location, woman owned, located in distressed county, located in low and moderate-income areas, and veteran owned companies), the ratio of private investment to IANF's investment may be 1:1.
3. Qualified investors will be IANF Network members in good standing as determined by Elevate Advisors.
4. Individual members of angel investor groups shall meet Qualified Investor requirements.
5. A Qualified Investor must satisfy the Indiana residency requirements set forth in the Investment Criteria. Notwithstanding the foregoing, the Qualified Investor shall exclude members or delegates to the United States Congress or the resident U.S. Commissioner of the Treasury.

PROHIBITED USE OF FUNDS

In accordance with federal regulations, IANF is prohibited from making investments:

- To finance a non-business purpose;
- To refinance existing debt where the lender is in a position to sustain a loss and the investment would take over that loss through financing;
- To effect a partial change of business ownership or a change that will not benefit the business;
- To permit the reimbursement of funds owed to any owner, including any equity injection or injection of capital for the business' continuance; and
- To repay delinquent state or federal withholding taxes or other funds that should be held in trust or escrow.

INELIGIBLE RECIPIENTS

The following are NOT eligible for investments: Educational Institutions, Nonprofit Organizations principally affiliated with Educational Institutions, Units of Local Government, other State Agencies, Commercial Lenders, Utilities, Industries, Indian Tribes or Public Entities.

Additionally, in accordance with federal regulations, IANF is prohibited from investing in or lending to the following ineligible businesses:

- Real estate investment firms, when the real property will be held for investment purposes as opposed to loans to otherwise eligible small business concerns for the purpose of occupying the real estate being acquired.
- Firms involved in speculative activities that develop profits from fluctuations in price rather than through normal course of trade, such as wildcatting for oil and dealing in commodities futures,

when not part of the regular activities of the business.

- Firms involved in lending activities, such as banks, finance companies, factors, leasing companies, insurance companies (but excluding agents of insurance companies), and any other firm whose stock in trade is money.
- Pyramid sales plans, where a participant's primary incentive is based on the sales made by an ever-increasing number of participants.
- Firms engaged in activities that are prohibited by federal law or applicable law in the jurisdiction where the business is located or conducted. Included in these activities is the production, servicing, or distribution of otherwise legal products that are to be used in connection with an illegal activity, such as selling drug paraphernalia or operating a motel that knowingly permits illegal prostitution.
- Gambling activities, including any business whose principal activity is gambling. While this precludes loans to racetracks, casinos, and similar enterprises, the rule does not restrict loans to otherwise eligible businesses, which obtain less than one-third of their annual gross income from either the sale of official state lottery tickets under a state license, or legal gambling activities licensed and supervised by a state authority.
- Charitable, religious, or other non-profit or eleemosynary institutions, government-owned corporations, consumer and marketing cooperatives, and churches and organizations promoting religious objectives.

IANF is also prohibited from utilizing awarded funding to (i) unduly influence or attempt to influence any agency, elected official, officer or employee of a State or Local Government in connection with the making, awarding, extension, continuation, renewal, amendment, or modification of any State or Local Government contract, grant, loan or cooperative agreement as such terms are defined in 31 U.S.C. Section 1352, or (ii) pay any costs incurred in connection with any defense against any claim or appeal of the United States Government, any agency or instrumentality thereof (including Treasury), or the State of Indiana.

INVESTMENT PROCEDURE

All IANF investments will be made by Elevate Advisors, as the Manager, under this policy and must be for the purpose of supporting the Indiana Angel Network Fund in the State of Indiana.